

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SCEM-02 INT-08 EB-11 COME-00

TRSE-00 AEC-11 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-15 CIEP-02 FPC-01 OMB-01 DRC-01

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P R 051654Z OCT 73

FM AMEMBASSY OSLO

TO SECSTATE WASHDC PRIORITY 7197

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L OSLO 3713

EO 11652: GDS

TAGS: PFOR ENRG NO UR US

SUBJECT: NORTH STAR PROJECT

1. SUMMARY: DURING MY OCTOBER 5 COURTESY CALL ON DEFENSE MINISTER KLEPPE, THE SENIOR CIVIL SERVANT IN THE MINISTRY, SECRETARY GENERAL HIMLE, ASKED WHETHER STATE DEPARTMENT KNEW THE STATUS OF CONSIDERATION WITHIN USG OF PROPOSED TERMINAL IN NORTH NORWAY FOR SOVIET NATURAL GAS PIPE LINE. HE EXPLAINED HIS QUESTION BY POINTING TO HEADLINE IN THIS MORNING'S LABOR PARTY ORGAN ARBEIDERBLADET INDICATING FINNMARK MIGHT BE TERMINAL FOR GAS LINE FROM WEST SIBERIA. ACTION REQUESTED: THAT I BE AUTHORIZED TO INFORM NORWEGIAN AUTHORITIES--BEFORE NEW CABINET DISCUSSES PROJECT--WHETHER USG WOULD HAVE ANY OBJECTIONS IN PRINCIPLE TO CONSTRUCTING LNG TERMINAL NEAR KIRKENES, SHOULD NORTH STAR AND SOVIETS AGREE ON THIS LOCATION. END SUMMARY

2. ARBEIDERBLADET ARTICLE IS BASED ON INTERVIEW WITH FOREIGN MINISTRY'S SECRETARY GENERAL GJELLUM WHO CONFIRMED THAT NORWEGIAN GOVERNMENT HAD BEEN APPROACHED
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BY REPRESENTATIVES OF THREE U.S. COMPANIES INVOLVED IN

NEGOTIATIONS WITH SOVIETS. ARTICLE GIVES FAIRLY ACCURATE SUMMARY OF SCOPE OF PROJECT, BUT IS QUITE MISLEADING REGARDING LIKELIHOOD OF NORWEGIAN PARTICIPATION. IT BEGINS WITH STATEMENT THAT "GOVERNMENT IS CURRENTLY STUDYING AMERICAN REQUEST TO CONSTRUCT LARGE PIPELINE...TO LOCATION NEAR KIRKENES." IT CORRECTLY NOTES THAT LOCATION IN FINNMARK IS "ONE OF SEVERAL ALTERNATIVES" AND THAT COMPANY WISHED TO KNOW BEFORE STUDYING THIS POSSIBILITY, WHETHER NORWAY HAD ANY OBJECTION. GJELLUM IS SAID TO HAVE REPLIED THAT GOVERNMENT "WISHES TO OBTAIN FURTHER INFORMATION ABOUT THE MATTER BEFORE IT TAKES A STAND ON IT." ARTICLE CONCLUDES THAT REASON WHY NORWAY SEEKS MORE INFORMATION BEFORE FINAL REPLY IS GIVEN IS "BECAUSE THE MATTER FROM NORWEGIAN POINT OF VIEW HAS MANY ASPECTS OF BOTH SECURITY POLICY AND INDUSTRIAL NATURE."

3. WHEN GJELLUM WAS ASKED TODAY BY DCM ABOUT THIS STORY HE EXPLAINED THAT FORMER FORMIN OFFICIAL, WHO IS LEADING CORRESPONDENT FOR ARBEIDERBLADET, HAD ASKED HIM ABOUT TRUTH OF THIS REPORT. HE CONFIRMED STORY IN LINE WITH PREVIOUS GUIDANCE TO DO SO IF CORRESPONDENT APPEARED TO HAVE THE FACTS ABOUT THE PROJECT. GJELLUM ADDED THAT MINISTRY WOULD BE PLACING LNG TERMINAL AS ONE OF FIRST ITEMS OF BUSINESS BEFORE THE NEW FOREIGN MINISTER.

4. I DELIBERATELY STRUCK CAUTIOUS NOTE IN MY RESPONSE TO HIMLE'S QUESTION. I EXPLAINED THAT IT WAS MY UNDERSTANDING THAT LOCATING TERMINAL IN FINNMARK WAS NOT VERY ATTRACTIVE ECONOMICALLY TO COMPANIES AND I UNDERSTOOD THEY NOW HAD LITTLE INTEREST IN THIS ALTERNATIVE. WHEN I ASKED MINISTER KLEPPE ABOUT HIS ATTITUDE TOWARD THE PROJECT, HE STATED THAT HE PERSONALLY HAD RESERVATIONS. HIMLE, WHO APPEARED TO SHARE KLEPPE'S RESERVATIONS, THEN PRESSED ME TO DEFINE THE USG ATTITUDE TOWARD THE PROJECT. HE SAID THAT HIS GOVERNMENT WAS NOT PREPARED TO TAKE UP A POSITION WITHOUT FIRST COORDINATING WITH THE U.S. KLEPPE ALLUDED TO DIFFICULTY WHICH NEWSPAPER ARTICLE HAD NOW CREATED BY NOTING THAT THE PROJECT COULD CREATE CONSIDERABLE OPPORTUNITIES FOR EMPLOYMENT IN FINNMARK.

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5. COMMENT: WHATEVER THE ORIGIN OF THE PRESS STORY-- GENUINE SCOOP OR EFFORT BY INTERESTED OFFICIALS TO BUILD UP SUPPORT FOR FINNMARK ALTERNATIVE--IT IS CLEARLY UNFORTUNATE. IT ALSO MEANS, AS HIMLE AND GJELLUM BOTH IMPLY, THAT THE LNG PROJECT IS LIKELY TO BE SUBJECT OF EARLY CABINET CONSIDERATION ONCE THE BRATTELI GOVERNMENT IS FORMED.

6. IN NORWEGIAN EYES, THE BALL IS CERTAINLY IN OUR COURT.

THEY HAVE EXPRESSED THE VIEW CLEARLY TO US (KORVALD TO CHARGE--OSLO 2541, AND AMBASSADOR CROWE--OSLO 2960, AND FORMIN'S DIRECTOR GENERAL FOR POLITICAL AFFAIRS TO EMBOFF--OSLO 2997) THAT THEY ARE WAITING FOR USG TO GIVE ITS CONSIDERED JUDGMENT REGARDING SECURITY IMPLICATIONS OF PROJECT BEFORE RESPONDING TO AMERICAN COMPANIES. THEY DEDUCED FROM OUR ORIGINAL INTEREST IN HAVING THEM MEET WITH KENDALL THAT USG HAS NO SERIOUS OBJECTIONS TO PROJECT, BUT THEY ARE NOT SURE. SECURITY OFFICIALS WOULD APPARENTLY LIKE US TO TAKE THEM OFF THE HOOK BY VETOING THE PROJECT; BUT, AS KORVALD POINTED OUT, INDUSTRY MINISTRY IS INTERESTED IN THE PROJECT TO HELP DEVELOP BACKWARD FINNMARK.

7. IF KENDALL REALLY SOUGHT TO DISCOURAGE NORWEGIANS, HE DID NOT APPARENTLY GET HIS MESSAGE THROUGH. GJELLUM ASKED DCM TODAY CONCERNING STATUS OF THE PROJECT FOLLOWING KENDALL'S VISIT AND REFERRED TO NORTH STAR DISCUSSION OF PROJECT AT END OF SEPTEMBER IN HOUSTON. HE SOUNDED SURPRISED WHEN DCM TOLD HIM HE UNDERSTOOD FROM KENDALL THERE WAS LITTLE INTEREST IN TERMINAL IN NORWAY FROM SIDE EITHER OF SOVIETS OR NORTH STAR. IT IS PARTICULARLY UNFORTUNATE THAT HOPES OF NORWEGIAN PUBLIC SHOULD BE WHETTED AT THIS TIME, SHOULD PROJECT BE ESSENTIALLY DEAD FROM STANDPOINT OF NORTH STAR. THERE IS OBVIOUS DANGER THAT PUBLIC MAY QUESTION WHETHER PROJECT WAS NOT TURNED DOWN ON GROUNDS OF "POLITICAL SECURITY" BY NORWEGIAN GOVERNMENT. LEFTISTS COULD SEE OPPORTUNITY TO ARGUE PUBLICLY THAT NATO INTERESTS IN NORTH NORWAY PREVENTED FINNMARK FROM BENEFITTING FROM ECONOMICALLY ATTRACTIVE DEVELOPMENT PROJECT.

8. AT VERY LEAST, IT SEEMS TO ME WE SHOULD MAKE CLEAR OUR VIEW--IF IT IS OUR VIEW--THAT WE HAVE NO OPPOSITION
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TO PROJECT ON SECURITY GROUNDS. OTHERWISE, NORWEGIANS MAY SUSPECT THAT WE HAVE CHOSEN TO DISCOURAGE THE COMPANIES BEHIND THE SCENES, PREFERRING NOT TO RESPOND FRANKLY TO THEIR REQUEST FOR GUIDANCE. I WOULD HOPE I COULD PUT THE USG POSITION ON RECORD BEFORE THE NEW CABINET DISCUSSES THE PROJECT. SHOULD NORTH STAR OPT FOR FINNMARK, WE CANNOT THEN BE ACCUSED OF HOLDING UP THE PROJECT BY OUR FAILURE TO TAKE A POSITION. SHOULD THE PROJECT NOT MATERIALIZE, THE BLAME IS MORE LIKELY TO FALL CLEARLY WHERE IT SHOULD, ON NORTH STAR AND THE SOVIETS. BYRNE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 05 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973OSLO03713
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS BYRNE
Errors: N/A
Film Number: n/a
From: OSLO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731047/aaaabiuq.tel
Line Count: 164
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 19 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Sep-2001 by martinml>; APPROVED <02-Oct-2001 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NORTH STAR PROJECT
TAGS: PFOR, ENRG, NO, UR, US
To: n/a
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005